

SECRET



25X1

BIWEEKLY REPORT

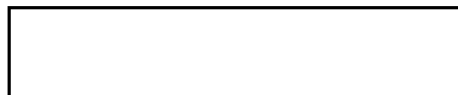
SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR-1/72

10 November 1958

PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE



SECRET

25X1

WARNING

THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECTIONS 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

Printed and Disseminated by the
Central Intelligence Agency

Summary of Events
24 October - 6 November 1958

25X1

The USSR has offered Cambodia a credit of \$12.5 million, which would bear no interest and which would run for 40 years. The loan would be repayable in commodities over the last 20 years. Drawings would be made during a 5-year period beginning in 1960. Cambodia has not yet accepted the offer.

The Federation of Malaya has ordered the Kuala Lumpur and Penang branches of the Communist Bank of China to cease operations within 6 months. This action is the strongest yet taken by the government in its effort to isolate Malaya's large Chinese minority from Communist mainland influence and to curtail Communist economic penetration of the Federation.

In the largest Bloc credit agreement in Latin America to date, the USSR and Argentina agreed to the partial utilization of the \$100-million Soviet credit offered to Argentina last July for the purchase of petroleum equipment. Under its terms, machinery and equipment for geological studies, drilling, and other phases of petroleum exploitation will be delivered during the next 3 years. Repayment at 2.5-percent interest is to begin after the delivery period and is to be made in Argentine exports shipped in 7 annual installments.

The USSR has offered to purchase 2,000 bales of wool per month from Uruguay during the 1958/59 clip. If the deal goes through, total wool purchases by the Bloc may approximate one-third of all Uruguayan wool exports -- both processed and unprocessed -- from the new clip.

SECRET

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010072-1

A shipment of 60,000 metric tons of crude oil valued at about \$1 million is scheduled to be delivered to Brazil in December. At the same time, Brazil will ship about 20,000 sacks of cacao of equal value.

On 23 October, Yugoslavia and Poland signed a trade protocol calling for an exchange in 1959 of goods valued at \$60 million. This trade agreement is the first reached between Yugoslavia and any Bloc country since the current dispute arose last spring.

Greece and Poland recently signed a new trade agreement by which trade between the two countries will be virtually doubled. Greece agreed to import such Polish commodities as coal, coke, sugar, timber, and fertilizers. Poland will purchase from Greece tobacco worth \$4.5 million as well as cereals, cotton, and minerals.

Because Egypt, Syria, and Sudan are encountering increasing difficulty in marketing their cotton in the West, it seems likely that the Bloc's share of cotton exports from these countries will grow during the coming year.

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010072-1

SECRET

SECRET

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010072-1

CONTENTS

	<u>Page</u>
I. General (Probability of Larger Exports of Middle East Cotton to Sino-Soviet Bloc)	1
A. Egypt	2
B. Sudan	2
C. Syria	4
II. Southeast Asia.	5
A. Implementation of Indonesian Contracts for Large Quantities of Bloc Military Equipment	5
1. Contracts	5
2. Implementation	6
B. Cambodia	7
1. Soviet Loan Offer	7
2. Implementation of Chinese Communist Aid Program	7
C. Closing of Branches of Communist Bank of China in Malaya	8
III. Middle East (Aswan High Dam Offer)	9
IV. Latin America	10
A. Soviet Petroleum Equipment Credit of \$100 Million to Argentina	10
B. Soviet Offer to Bolster the Uruguayan Wool Market	11

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010072-1

SECRET

SECRET

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010072-1

	<u>Page</u>
C. Shipment of Soviet Crude Oil to Brazil . .	12
V. Europe	13
A. New Yugoslav-Polish Trade Agreement . .	13
B. New Greek-Polish Trade Agreement . . .	13

Illustrations

	<u>Following Page</u>
Figure 1. Egypt: Cotton Exports	2
Figure 2. Syria: Cotton Exports	4

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010072-1

SECRET

25X1

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010072-1

Next 16 Page(s) In Document Exempt

Approved For Release 2005/08/22 : CIA-RDP92B01090R000700010072-1